

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6493

BILL NUMBER: SB 145

NOTE PREPARED: Dec 9, 2003

BILL AMENDED:

SUBJECT: Charity Gaming.

FIRST AUTHOR: Sen. Paul

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill increases the annual prize limit for unlicensed raffle events from \$3,000 to \$10,000. The bill also provides that prizes awarded at other unlicensed charity gaming events do not count toward the annual raffle prize limit.

Effective Date: July 1, 2004.

Explanation of State Expenditures: The bill could have a minimal impact on revenue from the Charity Gaming License Fee if organizations that operate relatively small-scale raffles no longer have to obtain a Charity Gaming License to do so. The revenue impact could potentially begin in FY 2005.

Background: Under current law, a bona fide civic, educational, political, religious, senior citizens, or veterans organization may conduct charity gaming events, including raffles. Such organizations must obtain a Charity Gaming License to do so if the value of all prizes awarded exceeds \$1,000 for a single event and \$3,000 during the calendar year. The bill would increase the annual prize limit to \$10,000 and would exclude prizes from unlicensed bingo events, charity game nights, and door prize events from the annual raffle prize limit. The higher annual prize threshold may relieve some organizations from the license requirement and could significantly reduce the number of raffle licenses issued each year.

A total of 650 raffle licenses were issued by the Department of State Revenue in FY 2002, resulting in \$75,525 in license fees (an average of about \$116 per licensee). These licensees reported gross income of about \$12.59 M (an average of about \$19,376 per organization) and expenses, including prize awards, totaling about \$5.96 M (an average of about \$9,168 per organization). Roughly 520 of 650 licensees reported expenses in FY 2002 of less than \$10,000. These licensees typically generated less than \$15,000 in gross

receipts from raffles. Assuming these organizations sponsor one raffle per year, the annual revenue loss could potentially total about \$13,000 based on a \$25 license fee.

The fee for a Charity Gaming License is \$25 for the first event conducted by the organization. The renewal fee depends on the total gross revenue obtained by the organization from the previous charity gaming event. The renewal fee is computed according to the table below. Revenue from Charity Gaming License Fees is deposited in the Charity Gaming Enforcement Fund. Money remaining after the costs of administration is distributed to the Build Indiana Fund.

Gross revenues of at least:	Gross revenues less than:	Fee
\$0	\$15,000	\$25
15,000	25,000	75
25,000	50,000	200
50,000	75,000	350
75,000	100,000	600
100,000	150,000	900
150,000	200,000	1,200
200,000	250,000	1,500
250,000	300,000	1,800
300,000	400,000	2,500
400,000	500,000	3,250
500,000	750,000	5,000
750,000	1,000,000	6,750
1,000,000	1,250,000	8,500
1,250,000	1,500,000	10,000
1,500,000	1,750,000	12,000
1,750,000	2,000,000	14,000
2,000,000	2,250,000	16,250
2,250,000	2,500,000	18,500
2,500,000	3,000,000	22,500
3,000,000		25,000

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: Indiana Department of State Revenue, Charity Gaming Annual Report, November 1, 2003.

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